

Message Text

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43

ACTION L-03

INFO OCT-01 ARA-06 ISO-00 EB-07 H-02 SCS-03 SCA-01 /023 W

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R 232313Z APR 76

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 4421

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E.O. 11652: N/A

TAGS: EIND, MX

SUBJECT: CITIZENS UTILITY SUIT AGAINST GOM ET AL

REF: A. STATE 089520, B. MEXICO 4493, C. MEXICO 2158

1. WHEN EMBASSY ATTEMPTED BOW OUT OF FURTHER DISCUSSIONS BETWEEN CITIZENS UTILITIES AND CFE (REF A), IT WAS MADE MOST CLEAR THAT CITIZENS COUNTING HEAVILY ON OUR MORAL SUPPORT AND BADLY WANTED EMBOFF TO ACCOMPANY THEM TO APPOINTMENT WITH FARELL. EMBOFF, THEREFORE, ATTENDED APRIL 21 NEGOTIATING SESSION AT CFT WITH MESSRS JACOBSON AND CARROLL. JACOBSON OPENED SHORT-LIVED MEETING BY TABLING DOCUMENT OUTLINING POWER SUPPLIED BY CITIZENS TO SERVICIOS, COST PER KWH AND LOSS OF REVENUE FROM BREACH OF CONTRACT. JACOBSON TRIED TO EXPLAIN DOCUMENT INTENDED AS BASIS FOR DISCUSSION AND THAT DATA CONTAINED THEREIN AUDITED BY PEAT, MARWICK, MITCHELL AND COMPANY.

2. FARRELL REJECTED DOCUMENT WITHOUT EXAMINING IT AND DEMANDED THAT CITIZENS IMMEDIATELY PRESENT DRAFT AGREEMENT. WHEN JACOBSON ATTEMPTED STATE THAT TABLED DOCUMENT WOULD SERVE AS POINT OF DEPARTURE FOR DISCUSSING AGREEMENT, FARELL INTERRUPTED, DECLARED MEETING ENDED AND ASKED JACOBSON TO LEAVE. SESSION LASTED ABOUT FIVE MINUTES.

3. IT WAS OBVIOUS FROM OUTSET FARELL DID NOT INTEND TO DISCUSS PROBLEM AND HE MADE NO EFFORT TO DISGUISE HIS HOSTILITY.

CITIZENS HAD NO OPPORTUNITY TO PRESENT CASE AND SEEMED SUR-

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PRISED AT FARELL'S BEHAVIOR, ESPECIALLY AFTER SOMEWHAT

ENCOURAGING FIRST MEETING. JACOBSON AND CARROLL WERE CONSIDERABLY ANNOYED BY FARELL'S ACTIONS (APRIL 19 APPOINTMENT WAS POSTPONED TO APRIL 21 AT LAST MINUTE). AS IT IS, CITIZENS MORE DETERMINED THAN EVER TO PURSUE LITIGATION AFTER CONSIDERABLE HUMILIATION SUFFERED AT HANDS OF FARELL AND COMPANY.

4. COMMENTS: IT WAS OBVIOUS THAT CITIZENS' OFFICIALS CAUGHT BY SURPRISE BY FARELL'S ABRUPT AND RUDE CONDUCT. WE NOTED IN REF B THAT DEPARTMENT APPARENTLY HAD NOT PASSED ON INFORMATION TO CITIZENS ABOUT EMBASSY WILLINGNESS TO HELP. IT ALSO EVIDENT THAT DEPARTMENT HAD FAILED TO PASS ON INFORMATION IN MEXICO 2158 AS WE HAD STRONGLY RECOMMENDED.
THOMPSON

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